

Work experience

Benefit-cost estimates updated June 2016. Literature review updated November 2015.

Current estimates replace old estimates. Numbers will change over time as a result of model inputs and monetization methods.

The WSIPP benefit-cost analysis examines, on an apples-to-apples basis, the monetary value of programs or policies to determine whether the benefits from the program exceed its costs. WSIPP's research approach to identifying evidence-based programs and policies has three main steps. First, we determine "what works" (and what does not work) to improve outcomes using a statistical technique called meta-analysis. Second, we calculate whether the benefits of a program exceed its costs. Third, we estimate the risk of investing in a program by testing the sensitivity of our results. For more detail on our methods, see our [Technical Documentation](#).

Program Description: Unemployed clients receive work experience, ranging from unpaid community service jobs to paid (partially or fully subsidized) jobs in the private, public, or nonprofit sector. Clients often participate in work experience after failing to find employment through job search and placement assistance. These programs sometimes take the form of "welfare-to-work" programs, where participants must participate in job searches or work experience to receive welfare benefits. For paid employment, employers may or may not be required to retain employees after wage subsidies end. Welfare agencies and community organizations typically provide these program services to TANF/AFDC recipients, offenders, or low-income* individuals, lasting anywhere from one month to one year.

*The low-income population may be defined in a variety of ways, including all workers in the 25th percentile of hourly wages, individuals at or below 130% of the federal poverty line, individuals at or below 200% of the federal poverty line, or an income that meets eligibility requirements for welfare or food stamps.

Benefit-Cost Summary Statistics Per Participant

Benefits to:

Taxpayers	\$2,570	Benefit to cost ratio	\$1.87
Participants	\$1,547	Benefits minus costs	\$1,780
Others	\$0	Chance the program will produce	
Indirect	(\$283)	benefits greater than the costs	81 %
<u>Total benefits</u>	<u>\$3,834</u>		
<u>Net program cost</u>	<u>(\$2,053)</u>		
Benefits minus cost	\$1,780		

The estimates shown are present value, life cycle benefits and costs. All dollars are expressed in the base year chosen for this analysis (2015). The chance the benefits exceed the costs are derived from a Monte Carlo risk analysis. The details on this, as well as the economic discount rates and other relevant parameters are described in our [Technical Documentation](#).

Detailed Monetary Benefit Estimates Per Participant

Benefits from changes to:¹

Benefits to:

	Participants	Taxpayers	Others ²	Indirect ³	Total
Labor market earnings associated with employment	\$2,378	\$1,080	\$0	\$0	\$3,457
Public assistance	(\$458)	\$1,078	\$0	\$540	\$1,160
Food assistance	(\$372)	\$412	\$0	\$207	\$247
Adjustment for deadweight cost of program	\$0	\$0	\$0	(\$1,030)	(\$1,030)
Totals	\$1,547	\$2,570	\$0	(\$283)	\$3,834

¹In addition to the outcomes measured in the meta-analysis table, WSIPP measures benefits and costs estimated from other outcomes associated with those reported in the evaluation literature. For example, empirical research demonstrates that high school graduation leads to reduced crime. These associated measures provide a more complete picture of the detailed costs and benefits of the program.

²"Others" includes benefits to people other than taxpayers and participants. Depending on the program, it could include reductions in crime victimization, the economic benefits from a more educated workforce, and the benefits from employer-paid health insurance.

³"Indirect benefits" includes estimates of the net changes in the value of a statistical life and net changes in the deadweight costs of taxation.

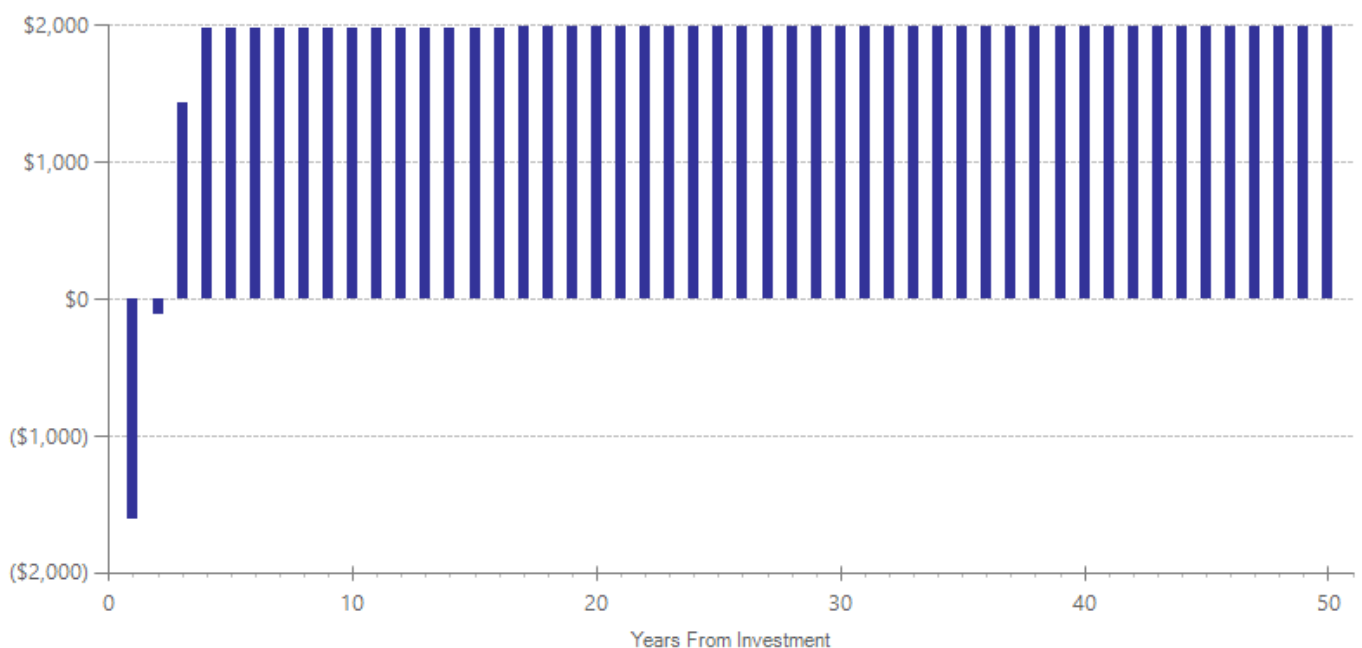
Detailed Annual Cost Estimates Per Participant

	Annual cost	Year dollars	Summary
Program costs	\$2,052	2014	Present value of net program costs (in 2015 dollars)
Comparison costs	\$0	2014	Cost range (+ or -)
			62 %

These programs typically last anywhere from one month to one year. We estimated the average annual cost of treatment per participant using data from studies in our meta-analysis that report cost estimates (Duncan et al., 2008; Freedman et al., 1988; Friedlander et al., 1987; Friedlander et al., 1986; Friedlander et al., 1985; Goldman et al., 1986; Hamilton & Friedlander, 1989; Redcross et al., 2012). Costs vary by study but may include costs of program registration, orientation, administration, operations, case management, wage subsidies, earnings supplements, health care, transportation, and child care subsidies.

The figures shown are estimates of the costs to implement programs in Washington. The comparison group costs reflect either no treatment or treatment as usual, depending on how effect sizes were calculated in the meta-analysis. The cost range reported above reflects potential variation or uncertainty in the cost estimate; more detail can be found in our [Technical Documentation](#).

Detailed Annual Cost Estimates Per Participant



The graph above illustrates the estimated cumulative net benefits per-participant for the first fifty years beyond the initial investment in the program. We present these cash flows in non-discounted dollars to simplify the “break-even” point from a budgeting perspective. If the dollars are negative (bars below \$0 line), the cumulative benefits do not outweigh the cost of the program up to that point in time. The program breaks even when the dollars reach \$0. At this point, the total benefits to participants, taxpayers, and others, are equal to the cost of the program. If the dollars are above \$0, the benefits of the program exceed the initial investment.

Meta-Analysis of Program Effects										
Outcomes measured	No. of effect sizes	Treatment N	Adjusted effect sizes and standard errors used in the benefit-cost analysis						Unadjusted effect size (random effects model)	
			First time ES is estimated			Second time ES is estimated				
			ES	SE	Age	ES	SE	Age	ES	p-value
Earnings*	15	15792	0.091	0.026	35	0.000	0.001	37	0.091	0.001
Employment	14	14699	0.092	0.025	35	0.000	0.001	37	0.092	0.001
Food assistance	3	2222	-0.046	0.061	35	0.000	0.001	37	-0.046	0.446
Public assistance	13	14332	-0.074	0.018	35	0.000	0.001	37	-0.074	0.001

* The “effect size” for this outcome indicates percentage change, not a standardized mean difference effect size.

Meta-analysis is a statistical method to combine the results from separate studies on a program, policy, or topic in order to estimate its effect on an outcome. WSIPP systematically evaluates all credible evaluations we can locate on each topic. The outcomes measured are the types of program impacts that were measured in the research literature (for example, crime or educational attainment). Treatment N represents the total number of individuals or units in the treatment group across the included studies.

An effect size (ES) is a standard metric that summarizes the degree to which a program or policy affects a measured outcome. If the effect size is positive, the outcome increases. If the effect size is negative, the outcome decreases.

Adjusted effect sizes are used to calculate the benefits from our benefit cost model. WSIPP may adjust effect sizes based on methodological characteristics of the study. For example, we may adjust effect sizes when a study has a weak research design or when the program developer is involved in the research. The magnitude of these adjustments varies depending on the topic area.

WSIPP may also adjust the second ES measurement. Research shows the magnitude of some effect sizes decrease over time. For those effect sizes, we estimate outcome-based adjustments which we apply between the first time ES is estimated and the second time ES is estimated. We also report the unadjusted effect size to show the effect sizes before any adjustments have been made. More details about these adjustments can be found in our [Technical Documentation](#).

Citations Used in the Meta-Analysis

Duncan, G., Miller, C., Classens, A., Engel, M., Hill, H., & Lindsay, C. (2008) *New Hope's eight-year impacts on employment and family income*. New York, NY: Manpower Demonstration Research Corporation.

Freedman, S., Bryant, J., Cave, G., Bangser, M., Friedlander, D., Goldman, B., & Long, D. (1988). *Final report on the Grant Diversion Project*. New York, NY: Manpower Demonstration Research Corporation.

Friedlander, D., Hoerz, G., Quint, J., & Riccio, J. (1985). *Final report on the WORK Program in two counties*. New York, NY: Manpower Demonstration Research Corporation.

Friedlander, D., Erickson, M., Hamilton, G., & Knox V. (1986). *Final report on the Community Work Experience Demonstrations*. New York, NY: Manpower Demonstration Research Corporation

Friedlander, D., Freedman, S., Hamilton, G., & Quint, J. (1987). *Final report on job search and work experience in Cook County*. New York, NY: Manpower Demonstration Research Corporation.

Goldman, B., Friedlander, D., & Long, D. (1986). *The San Diego Job Search and Work Experience Demonstration: Final report*. New York, NY: Manpower Demonstration Research Corporation.

Gordon, A., & James-Burdumy, S. (2002). *Impacts of the Virginia Initiative for Employment Not Welfare: Final report*. Princeton, NJ: Mathematica Policy Research, Inc.

Hamilton, G., & Friedlander, D. (1989). *Saturation Work Initiative Model in San Diego: Final report*. New York, NY: Manpower Demonstration Research Corporation.

Jacobs, E. (2012). *Returning to work after prison: Final results from the Transitional Jobs Reentry Demonstration*. New York, NY: Manpower Demonstration Research Corporation.

Masters, S.H., & Maynard, R.A. (1981). *Volume 3 of the final report on the Supported Work Evaluation: The impact of supported work on long-term recipients of AFDC benefits*. New York, NY: Manpower Demonstration Research Corporation.

Redcross, C., Millenky, M., Rudd, T., & Levshin, V. (2012). *More than a job: Final results from the Evaluation of the Center for Employment Opportunities (CEO) Transitional Jobs Program* (OPRE Report 2011-18). Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

For further information, contact:
(360) 664-9800, Institute@wsipp.wa.gov

Printed on 12-24-2016



Washington State Institute for Public Policy

The Washington State Legislature created the Washington State Institute for Public Policy in 1983. A Board of Directors—representing the legislature, the governor, and public universities—governs WSIPP and guides the development of all activities. WSIPP's mission is to carry out practical research, at legislative direction, on issues of importance to Washington State.